

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Periodic Reporting
(Proposal Six)

Docket No. RM2017-10

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued August 23, 2017)

To clarify the Postal Service's petition to consider changes to analytical principles, filed July 28, 2017, the Postal Service is requested to provide a written response to the following questions¹. The answers should be provided by August 30, 2017.

1. Please provide revised Excel files "PROP.SIX.USPS-FY16-NP15.xlsx" and "PROP.SIX.USPS-FY16-NP16.xlsx" that are properly linked and sourced for cells that contain hard-coded values. For cells where it would be difficult to link to source data, please provide detailed source information in source notes that include the file and tab names and cell references.

Mail Processing Cost Model

For questions 2 through 5, please refer to the Library Reference USPS-RM2017-10/NP1, July 28, 2017, Excel file "PROP.SIX.USPS-FY16-NP15.xlsx."

2. Please refer to the Petition, Proposal Six at 2 and the worksheet titled "PS Data."

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Six), July 28, 2017 (Petition).

- a. Please provide the source file described in cell A2 of the worksheet titled “PS Data.”
 - b. Please provide the calculations for the data found in cells B42, B43, C42, and C43.
3. Please refer to the Petition, Proposal Six at 2 and the worksheet titled “Volumes”. Please explain why ONDC and NDC presort volumes were incorporated into the Ground volume in the “Volumes” worksheet.
4. Please explain why the data used to determine Intra-NDC/Inter-NDC Percentages in cells B28:B29 from the “PS Data” worksheet do not include NDC Presort volume and do not comprise the total ground volume shown on the “Volumes” worksheet, cell B16.
5. Please refer to the worksheet titled “PRS Storage Sum.” Please identify where storage cost estimates are used in Excel file “PROP.SIX.USPS-FY16-NP15.xlsx.”

Transportation Cost Model

For questions 6 through 13, please refer to the Library Reference USPS-RM2017-10/NP1, July 28, 2017, Excel file “PROP.SIX.USPS-FY16-NP16.xlsx.”

6. Please refer to the worksheet titled “Cost Dist PS,” cells B19, C20, and B23. Please discuss on what basis these assumptions were made and provide the analysis used to develop the values in the referenced cells.
7. Please refer to the worksheet titled “Cost Dist PRS,” cells B12, C13, and B16. Please discuss on what basis these assumptions were made and provide the analysis used to develop the values in the referenced cells.

8. Please refer to the worksheet titled “CFM By Zone,” cells B7:C13. Please discuss how the data in these cells were developed and provide the source(s) file for the data in these cells.
9. Please refer to the worksheet titled “Regression Inputs,” cell C81. Please explain why the value of this cell is different than cell C81 in the worksheet titled “Regression Inputs” in the Excel file “USPS-FY16-NP16.xlsx” from Docket No. ACR2016, Library Reference USPS-FY16-NP16.²
10. Please refer to Library Reference USPS-RM2017-10/NP1, Excel file “PROP.SIX.DATA.xlsx,” worksheet titled “TRACS LONG DISTANCE.” Please explain how the values in cells B17:E18 were calculated and provide the source(s) used to determine them.
11. Please refer to the Petition, Proposal Six at 6, 7.
 - a. Please discuss how the proposed method for classifying long-distance transportation legs improves upon the current methodology.
 - b. Please provide data comparing actual or estimated lengths of local, intermediate, and long distance transportation legs under the current and proposed methods.
12. Please refer to the Petition, Proposal Six at 7. The Postal Service states that in the previous version of the cost model “[t]he number of DDU local transportation legs was based on a Docket. No. R2000-1 figure.” Please explain why the proposed method for estimating DDU local transportation legs is an improvement.

² Docket No. ACR2016, USPS-FY16-NP16, December 29, 2016, Excel file “USPS-FY-NP16.xlsx.”

13. Please refer to the Petition, Proposal Six at 7, 8. The methodological changes proposed by the Postal Service rely upon the classification of parcel piece-legs into “expected” and “unexpected” categories.
 - a. Please confirm that this classification is not used elsewhere by the Postal Service.
 - i. If confirmed, please indicate whether the Postal Service conducted any analyses supporting the need for this classification. If so, please provide the details of such analyses, including source data and output.
 - ii. If confirmed, please also discuss any other alternative methods that were considered by the Postal Service.
 - iii. If not confirmed, please discuss where the Postal Service has applied this classification.
 - b. Please define transportation “piece-legs” and provide examples of “unexpected piece-legs” and “expected piece-legs.”
 - c. Please confirm that local piece legs for DNDC and DSCF parcels and intermediate piece legs for DNDC parcels are never “unexpected” in the cost model.
 - i. If confirmed, please provide the basis upon which the Postal Service makes this assumption and discuss any efforts that have been made to incorporate these types of unexpected piece-legs into the cost model.
 - ii. If not confirmed, please explain where the model accounts for these unexpected piece-legs.

By the Chairman.

Robert G. Taub